

YUNKER & ASSOCIATES

Doris J. Elliott  
P.O. Box 21784  
Lexington, KY 40522-1784

RECEIVED  
APR 26 2004  
PUBLIC SERVICE  
COMMISSION  
859-255-0629  
859-255-0746  
FAX: 859-255-0746  
delliott@desuetude.com

April 23, 2004  
VIA U.S. MAIL

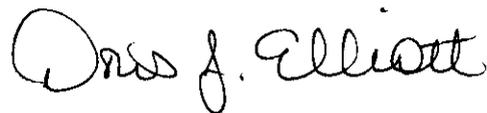
Thomas M. Dorman, Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Case No. 2003-00266, Investigation into the Membership of  
Louisville Gas and Electric Company and Kentucky Utilities  
Company in the Midwest Independent Transmission System  
Operator, Inc.

Dear Mr. Dorman:

Pursuant to 807 KAR 5:001, Section 8(2), enclosed are the original and ten (10) copies of Response of Midwest ISO to Further Hearing Date Requests, to be filed in the above-referenced proceeding on behalf of Midwest Independent Transmission System Operator, Inc. The additional copy is to be stamped with the date of receipt/filing and returned to us in the enclosed self-addressed stamped envelope.

Sincerely,



Doris J. Elliott  
Paralegal

cc: James Holsclaw

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Investigation into the Membership of  
Louisville Gas and Electric Company and  
Kentucky Utilities Company in the  
Midwest Independent Transmission  
System Operator, Inc.

original

RECEIVED  
APR 26 2004  
PUBLIC SERVICE  
COMMISSION

**Response of Midwest ISO  
to Further Hearing Data Requests**

Midwest Independent Transmission System Operator, Inc. ("Midwest ISO")  
hereby responds to data requests made of James P. Torgerson, its witness, on April 8,  
2004, during the hearing in this proceeding.

1. Attachment A hereto provides an estimate of (a) the annual operating costs to be recovered once the energy market is operational and (b) the composition of the projected \$192 million total capital costs and the portion thereof that is related to the day-ahead and real-time market systems.
2. Attachment B hereto consists of references to the pages of the Final Report on the August 14, 2003 Blackout in the United States and Canada, that address the sequence of conversations between Midwest ISO and other control areas or RTOs on August 14, 2003.

Respectfully submitted,  
Katherine K. Yunker  
Benjamin D. Allen  
YUNKER & ASSOCIATES  
P.O. Box 21784  
Lexington, KY 40522-1784  
859-255-0629  
fax: 859-255-0746

James C. Holsclaw  
MIDWEST INDEPENDENT TRANSMISSION  
SYSTEM OPERATOR, INC.  
701 City Center Drive  
Carmel, IN 46032  
317-249-5769

By:   
ATTORNEYS FOR MIDWEST INDEPENDENT  
TRANSMISSION SYSTEM OPERATOR, INC.

### CERTIFICATE OF FILING AND SERVICE

I hereby certify that on this the 23rd day of April, 2004, the original and ten (10) copies of this Response were sent by first-class U.S. mail for filing with the Commission, and a copy was sent by first-class U.S. mail to:

Michael S. Beer  
Linda S. Portasik  
LG&E ENERGY CORP.  
220 West Main St.  
P.O. Box 32030  
Louisville, KY 40232-2030

Elizabeth E. Blackford  
Assistant Attorney General  
Utility & Rate Intervention Division  
1024 Capital Center Drive; Suite 200  
Frankfort, KY 40601-8204

Kendrick R. Riggs  
Allyson K. Sturgeon  
OGDEN NEWELL & WELCH PLLC  
1700 PNC Plaza  
500 West Jefferson Street  
Louisville, KY 40202

David C. Boehm  
Boehm, Kurtz & Lowry  
Suite 2110 CBLD Building  
36 East Seventh Street  
Cincinnati, OH 45202

  
Attorney for Midwest Independent  
Transmission System Operator, Inc.

- (a) The total annual costs for the Midwest Market Initiative to be recovered once the market is operational are approximately \$100 million, of which \$48 million is operating costs (salaries/benefits, outside services, telecommunications, facilities, computer maintenance, travel, supplies, etc.), \$11 million is interest expense, and \$42 million is depreciation and amortization of deferred start-up costs.
- (b) The projected \$192 million total start-up costs for all activities associated with efforts to develop and implement the day-ahead, real-time, and FTR market systems consists of \$103 million in capital costs, \$72 million in deferred start-up costs and \$17 million for reimbursement of market participant costs associated with costs to exchange data with the Midwest ISO. Of the \$192 million projected total, approximately 25% is for FTR-related costs (Schedule 16) and 75% is for day-ahead and real-time systems costs (Schedule 17). For further detail, please refer to the Midwest ISO informational filing made in FERC Docket No. ER02-2595-000, on March 24, 2004, regarding the Midwest Market Initiative.

Chapter 5 of the Final Report on the August 14, 2003 Blackout in the United States and Canada issued in April of 2004 includes a report of telephone conversations that took place between control rooms, including calls to and from the Midwest ISO's control room. *See generally* pages 45-72. Particular references to the sequence of calls appear in figure 5.1 and in the text of the Final Report at pages 52, 55, 56, 57 60-62 and 65-66.